

**House Health Policy Committee  
Senate Bill 492 - Dec. 5, 2018  
Testimony of Blue Cross Blue Shield of Michigan**

Good morning Chairman Vaupel and members of the House Health Policy Committee. Thank you for the opportunity to come before you today to address our concerns with Senate Bill 492. I am Kristen Kraft from the Blue Cross Blue Shield Government and Regulatory Affairs Division. With me, is Tim Antonelli, a Pharmacist and key leader in our Pharmacy Services Division. We remain opposed to Senate Bill 492, as written.

On behalf of the nearly three million members for which we currently provide prescription drug benefits, let me begin by recognizing how difficult and complicated this issue is to address. I assure you we recognize the important role medications play in the treatment of cancer, and we work hard to provide access to the most effective and evidence-based treatments for our members.

I want to begin by highlighting BCBSM efforts to provide access to evidence-based oral chemotherapy drugs for our customers:

- From our member experience, BCBSM currently covers over 97% of oral cancer drugs currently in the marketplace.
- The average cost for these prescriptions, per fill – including copayments and deductibles, was \$42.50. The average cost per prescription was \$1,597.
- For brand-name oral cancer medications, BCBSM covers 98% of the cost, with an average drug cost coming in at more than \$8,600.
- Oral chemotherapy drugs have proven to, cost as much as \$10,000 per month and include higher co-payments and other cost sharing requirements.
- The average annual price of a new cancer medication launched in 2017 was \$150,000; and to this point in 2018, the average price we are seeing has risen to over \$170,000 - with both oral and intravenous medications seeing these new average high costs.
- And recent claims analysis associated with our commercial business, revealed BCBSM spent nearly \$150 million on oral cancer medications in the past year alone.

The upward trend on prescription drug pricing only continues to escalate, creating additional pressures on the health care system and making access to a growing number of these medicines even more difficult. Prescription drugs, without corresponding transparency measures and a better understanding of what is driving drug prices, further exacerbates the problem.

A recent report issued by the IQVIA Institute for Human Data Science also noted that spending on cancer medications in the U.S. doubled from 2012-2017 and is expected to double again by 2022 to \$100 billion. Furthermore, the report showed that all oncology drugs were priced more than \$100,000 per year with the median annual costs of new oncology brands costing over \$160,000 in 2017, up from \$79,000 in 2013.<sup>i</sup>

Over the Past 10 years, oral chemo parity legislation varying in design to what is being considered here today, has been adopted in several other states. Recently published analysis in the Journal of the American Medical Association (JAMA) Oncology<sup>ii</sup> - looking at the impact on these laws - found they have not consistently reduced out of pocket spending for orally administered anticancer medications.

In recent years, the federal government also established mandated maximum out of pocket cost-sharing standards for health purchasers. These standards integrate with medical and pharmacy costs, attempting to protect patients from added out of pocket liabilities, whether they are receiving intravenous or oral cancer medications. The limits serve as a ceiling only and in many cases, there are out of pocket thresholds set in our benefit designs that are even lower than federal standards – attempting to further protect patients.

Unfortunately, our experience is that most cancer patients quickly hit their deductible, regardless of treatment plan.

In the end, a government mandate will do nothing to lower drug costs or help to ensure affordable access to oral chemotherapy medications for patients. A government mandate on insurers will simply shift additional health care costs to payers, without addressing the underlying issue – the continued upward cost of prescription drugs.

It is the ultimate hypocrisy for drug companies to support oral chemotherapy mandate legislation across the nation, forcing insurers to cap co-payments on prescription drugs, while at the same time blocking transparency efforts aimed at addressing the real issue - underlying drug costs.

In closing, Senate Bill 492 threatens efforts of all health care stakeholder to provide consumers with meaningful health care choices and affordable coverage options. Therefore, we respectfully urge you to oppose the bill, as written.

Again, thank you for the opportunity to voice our concerns. We remain committed to market-based solutions and public-private partnerships that improve affordability, access and quality for our members.

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<sup>i</sup> IQVIA Institute for Human Data Science, Global Oncology Trends 2018, published online May 2018

<sup>ii</sup> Dusetzina SB, Huskamp HA, Winn AN, Basch E, Keating NL. Out-of-Pocket and Health Care Spending Changes for Patients Using Orally Administered Anticancer Therapy After Adoption of State Parity Laws. JAMA Oncol. Published online November 09, 2017